



1997 SENATE BILL 167

April 16, 1997 – Introduced by Senators WINEKE and DECKER, cosponsored by Representatives LA FAVE, BLACK, TURNER, BOYLE, REYNOLDS, R. YOUNG and BALDWIN. Referred to Joint survey committee on Tax Exemptions.

1 **AN ACT to repeal** 71.05 (6) (b) 9., 71.05 (6) (b) 21. and 71.05 (10) (c); **to amend**
2 71.01 (14), 71.05 (8) (b), 71.05 (22) (dm), 71.05 (22) (f) 3., 71.06 (1) (intro.), 71.06
3 (2) (intro.), 71.06 (2) (a) (intro.), 71.06 (2) (b) (intro.), 71.06 (2m), 71.07 (1), 71.07
4 (5) (a) (intro.), 71.07 (5) (b), 71.07 (8) (intro.), 71.10 (7m), 71.125, 71.36 (1m),
5 71.64 (9) (b), 71.67 (4) (a) and 71.67 (5) (a); and **to create** 71.05 (22) (dp), 71.06
6 (1m), 71.06 (2) (c), 71.06 (2) (d), 71.07 (5) (am), 71.07 (6) (c) and 71.07 (9) (g) of
7 the statutes; **relating to:** modifying the structure of the individual income tax
8 system.

Analysis by the Legislative Reference Bureau

This bill makes various changes in the structure of the individual income tax system. The bill modifies the calculation of adjusted gross income (AGI), prohibits new claims from being made under certain income tax credits and modifies the sliding scale standard deduction and the tax rates and brackets.

Under current law, there is an income tax exclusion for individuals and tax-option corporations for 60% of the net long-term capital gains realized from the sale of assets held for at least one year. This bill repeals the exemption. In addition, current law limits the offset of net capital losses against ordinary income to \$500 each taxable year. Net capital losses in excess of \$500 are carried forward to the next taxable year. This bill deletes the \$500 offset limitation.

SENATE BILL 167

In general, under current law, 50% of certain social security benefits are taxed by this state once the recipient's income reaches \$34,000 for a single individual or \$44,000 for a married couple filing jointly, while the federal government taxes 85% of these same benefits.

This bill repeals the state's treatment of social security benefits, thus taxing the benefits at the same rate as the federal government.

Under current law, the standard income tax deduction has 4 different categories, each of which has a different deduction amount based on income. The maximum standard deduction amounts in each category phase out as income increases. The categories, the maximum standard deduction amounts and the maximum income amounts to which the standard deduction applies before the phaseout begins are the following: single individuals, \$5,200 on Wisconsin AGI (WAGI) of less than \$7,500; heads of households, \$7,040 on WAGI of less than \$7,500; married couples filing jointly, \$8,900 on WAGI of less than \$10,000; and married couples filing separately, \$4,230 on WAGI of less than \$4,750.

This bill retains the same 4 categories and the maximum income at which the standard deduction reaches \$0. Under this bill, the categories, the maximum standard deduction amounts and the maximum income amounts to which the standard deduction applies before the phaseout begins are the following: single individuals, \$7,500 on Wisconsin AGI (WAGI) of less than \$10,000; heads of households, \$10,160 on WAGI of less than \$10,000; married couples filing jointly, \$10,000 on WAGI of less than \$15,000; and married couples filing separately, \$4,750 on WAGI of less than \$7,130.

Under current law, there are 3 income tax brackets for single individuals, certain fiduciaries, heads of households and married persons. The brackets for single individuals, certain fiduciaries and heads of households are taxable income from \$0 to \$7,500; from more than \$7,500 to \$15,000; and more than \$15,000. The brackets for married persons filing jointly are taxable income from \$0 to \$10,000; from more than \$10,000 to \$20,000; and more than \$20,000. The brackets for married persons filing separately are taxable income from \$0 to \$5,000; from more than \$5,000 to \$10,000; and more than \$10,000.

The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households and married persons is 4.9% of taxable income, the rate for the middle bracket is 6.55% and the rate for the highest bracket is 6.93%.

This bill expands the number of brackets to 5, lowers the bottom rate of taxation and raises the top rate. Under the bill, the brackets for single individuals, certain fiduciaries and heads of households are taxable income from \$0 to \$7,500; from more than \$7,500 to 15,000; from more than \$15,000 to \$45,000; from more than \$45,000 to \$60,000; and more than \$60,000. The brackets for married persons filing jointly are taxable income from \$0 to \$10,000; from more than \$10,000 to \$20,000; from more than \$20,000 \$60,000; from more than \$60,000 to \$80,000; and more than \$80,000. The brackets for married persons filing separately are taxable income from \$0 to \$5,000; from more than \$5,000 to \$10,000; from more than \$10,000 to \$30,000; from more than \$30,000 to \$40,000; and more than \$40,000.

SENATE BILL 167

Under this bill, the rate of taxation for the lowest bracket for single individuals, certain fiduciaries, heads of households and married persons is 4.0% of taxable income, the rate for the next bracket is 5.0%, the rate for the middle bracket is 6.0%, the rate for the next bracket is 7.0% and the rate for the highest bracket is 8%.

Under current law, after an individual calculates his or her gross tax liability, several tax credits may be calculated to reduce his or her gross tax liability. Some credits, like the earned income tax credit and the homestead tax credit, are refundable. Some credits, like the school property tax credit and the married persons credit, are nonrefundable. Generally, with a refundable credit, if the amount of the claim exceeds the taxpayer's tax liability, or if there is no tax due, the excess amount of the credit is paid to the claimant by a check from the state. With a nonrefundable credit, the amount of the credit is available only up to the amount of the taxpayer's tax liability.

Under this bill, for taxable years beginning on or after January 1, 1997, no new claims may be filed for the following nonrefundable tax credits: the school property tax credit, the married persons credit, the dependent credit and the senior credit. The bill does not affect any of the refundable tax credits.

This bill also modifies the nonrefundable itemized deductions credit. Under current law, the itemized deductions credit is calculated as 5% of the difference between the sum of certain amounts that are allowed as itemized deductions under the internal revenue code and the standard deduction. Some amounts that are allowed as itemized deductions under the internal revenue code, such as casualty and theft deductions, expenses to move from this state and interest incurred to purchase or refinance a residence that is not a principal residence and that is not located in this state, are not allowed in the calculation of the itemized deductions credit.

Under this bill, the itemized deductions credit is calculated as 5% of the difference between the sum of interest expenses for a principal residence; interest expenses for a residence that is not a principal residence and that is not located in this state; and charitable contributions, and the standard deduction.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 1 **SECTION 1.** 71.01 (14) of the statutes is amended to read:
- 2 71.01 (14) "Wisconsin net operating loss" of persons other than corporations
- 3 means "federal net operating loss" adjusted as prescribed in s. 71.05 (6) (a) and (b),

SENATE BILL 167**SECTION 1**

1 (7) to (12) and (19) to (21), ~~except s. 71.05 (6) (b) 9.~~, except that no deductions
2 allowable on schedule A for federal income tax purposes are allowable.

3 **SECTION 2.** 71.05 (6) (b) 9. of the statutes is repealed.

4 **SECTION 3.** 71.05 (6) (b) 21. of the statutes is repealed.

5 **SECTION 4.** 71.05 (8) (b) of the statutes is amended to read:

6 71.05 (8) (b) A Wisconsin net operating loss may be carried forward against
7 Wisconsin taxable incomes of the next 15 taxable years, if the taxpayer was subject
8 to taxation under this chapter in the taxable year in which the loss was sustained,
9 to the extent not offset against other income of the year of loss and to the extent not
10 offset against Wisconsin modified taxable income of any year between the loss year
11 and the taxable year for which the loss carry-forward is claimed. In this paragraph,
12 "Wisconsin modified taxable income" means Wisconsin taxable income with the
13 following exceptions: a net operating loss deduction or offset for the loss year or any
14 taxable year thereafter is not allowed, ~~the deduction for long-term capital gains~~
15 ~~under sub. (6) (b) 9. is not allowed~~, the amount deductible for losses from sales or
16 exchanges of capital assets may not exceed the amount includable in income for gains
17 from sales or exchanges of capital assets and "Wisconsin modified taxable income"
18 may not be less than zero.

19 **SECTION 5.** 71.05 (10) (c) of the statutes is repealed.

20 **SECTION 6.** 71.05 (22) (dm) of the statutes is amended to read:

21 71.05 (22) (dm) (title) *Deduction limits; 1994 and thereafter to 1996.* Except
22 as provided in par. (f), for taxable years beginning ~~on or after January 1, 1994~~ after
23 December 31, 1993, and before January 1, 1997, the Wisconsin standard deduction
24 is whichever of the following amounts is appropriate. For a single individual who has
25 a Wisconsin adjusted gross income of less than \$7,500, the standard deduction is

SENATE BILL 167

1 \$5,200. For a single individual who has a Wisconsin adjusted gross income of at least
2 \$7,500 but not more than \$50,830, the standard deduction is the amount obtained
3 by subtracting from \$5,200 12% of Wisconsin adjusted gross income in excess of
4 \$7,500 but not less than \$0. For a single individual who has a Wisconsin adjusted
5 gross income of more than \$50,830, the standard deduction is \$0. For a head of
6 household who has a Wisconsin adjusted gross income of less than \$7,500, the
7 standard deduction is \$7,040. For a head of household who has a Wisconsin adjusted
8 gross income of at least \$7,500 but not more than \$25,000, the standard deduction
9 is the amount obtained by subtracting from \$7,040 22.515% of Wisconsin adjusted
10 gross income in excess of \$7,500 but not less than \$0. For a head of household who
11 has a Wisconsin adjusted gross income of more than \$25,000, the standard deduction
12 shall be calculated as if the head of household were a single individual. For a married
13 couple filing jointly that has an aggregate Wisconsin adjusted gross income of less
14 than \$10,000, the standard deduction is \$8,900. For a married couple filing jointly
15 that has an aggregate Wisconsin adjusted gross income of at least \$10,000 but not
16 more than \$55,000, the standard deduction is the amount obtained by subtracting
17 from \$8,900 19.778% of aggregate Wisconsin adjusted gross income in excess of
18 \$10,000 but not less than \$0. For a married couple filing jointly that has an aggregate
19 Wisconsin adjusted gross income of more than \$55,000, the standard deduction is \$0.
20 For a married individual filing separately who has a Wisconsin adjusted gross
21 income of less than \$4,750, the standard deduction is \$4,230. For a married
22 individual filing separately who has a Wisconsin adjusted gross income of at least
23 \$4,750 but not more than \$26,140, the standard deduction is the amount obtained
24 by subtracting from \$4,230 19.778% of Wisconsin adjusted gross income in excess of
25 \$4,750 but not less than \$0. For a married individual filing separately who has a

SENATE BILL 167**SECTION 6**

1 Wisconsin adjusted gross income of more than \$26,140, the standard deduction is \$0.
2 The secretary of revenue shall prepare a table under which deductions under this
3 paragraph shall be determined. That table shall be published in the department's
4 instructional booklets.

5 **SECTION 7.** 71.05 (22) (dp) of the statutes is created to read:

6 71.05 (22) (dp) *Deduction limits; 1997 and thereafter.* Except as provided in
7 par. (f), for taxable years beginning after December 31, 1996, the Wisconsin standard
8 deduction is whichever of the following amounts is appropriate. For a single
9 individual who has a Wisconsin adjusted gross income of less than \$10,000, the
10 standard deduction is \$7,500. For a single individual who has a Wisconsin adjusted
11 gross income of at least \$10,000 but not more than \$50,830, the standard deduction
12 is the amount obtained by subtracting from \$7,500 18.369% of Wisconsin adjusted
13 gross income in excess of \$10,000 but not less than \$0. For a single individual who
14 has a Wisconsin adjusted gross income of more than \$50,830, the standard deduction
15 is \$0. For a head of household who has a Wisconsin adjusted gross income of less than
16 \$10,000, the standard deduction is \$10,160. For a head of household who has a
17 Wisconsin adjusted gross income of at least \$10,000 but not more than \$25,000, the
18 standard deduction is the amount obtained by subtracting from \$10,160 36.102% of
19 Wisconsin adjusted gross income in excess of \$10,000 but not less than \$0. For a head
20 of household who has a Wisconsin adjusted gross income of more than \$25,000, the
21 standard deduction shall be calculated as if the head of household were a single
22 individual. For a married couple filing jointly that has an aggregate Wisconsin
23 adjusted gross income of less than \$15,000, the standard deduction is \$10,000. For
24 a married couple filing jointly that has an aggregate Wisconsin adjusted gross
25 income of at least \$15,000 but not more than \$55,000, the standard deduction is the

SENATE BILL 167

1 amount obtained by subtracting from \$10,000 25% of aggregate Wisconsin adjusted
2 gross income in excess of \$15,000 but not less than \$0. For a married couple filing
3 jointly that has an aggregate Wisconsin adjusted gross income of more than \$55,000,
4 the standard deduction is \$0. For a married individual filing separately who has a
5 Wisconsin adjusted gross income of less than \$7,130, the standard deduction is
6 \$4,750. For a married individual filing separately who has a Wisconsin adjusted
7 gross income of at least \$7,130 but not more than \$26,140, the standard deduction
8 is the amount obtained by subtracting from \$4,750 24.987% of Wisconsin adjusted
9 gross income in excess of \$7,130 but not less than \$0. For a married individual filing
10 separately who has a Wisconsin adjusted gross income of more than \$26,140, the
11 standard deduction is \$0. The secretary of revenue shall prepare a table under which
12 deductions under this paragraph shall be determined. That table shall be published
13 in the department's instructional booklets.

14 **SECTION 8.** 71.05 (22) (f) 3. of the statutes is amended to read:

15 71.05 (22) (f) 3. For taxable years beginning on or after January 1, 1994, in the
16 case of a taxpayer with respect to whom a deduction under s. 71.07 (8) or an
17 exemption under 26 USC 151 (c) is allowable to another person, the Wisconsin
18 standard deduction shall be \$500 adjusted for inflation in the manner prescribed by
19 sections 1 (f) (3) to (6) and 63 (c) (4) of the internal revenue code. The department
20 of revenue shall incorporate the changes in the income tax forms and instructions.

21 **SECTION 9.** 71.06 (1) (intro.) of the statutes is amended to read:

22 71.06 (1) (title) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; 1986
23 TO 1996. (intro.) The tax to be assessed, levied and collected upon the taxable incomes
24 of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve
25 funds, and single individuals for taxable years beginning on or after August 1, 1986,

SENATE BILL 167**SECTION 9**

1 and before January 1, 1994, and upon the taxable incomes of all fiduciaries, except
2 fiduciaries of nuclear decommissioning trust or reserve funds, and single individuals
3 and heads of households for taxable years beginning ~~on or after January 1, 1994~~ after
4 December 31, 1993, and before January 1, 1997, shall be computed at the following
5 rates:

6 **SECTION 10.** 71.06 (1m) of the statutes is created to read:

7 **71.06 (1m) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS.** The tax
8 to be assessed, levied and collected upon the taxable incomes of all fiduciaries, except
9 fiduciaries of nuclear decommissioning trust or reserve funds, and single individuals
10 and heads of households for taxable years beginning after December 31, 1996, shall
11 be computed at the following rates:

12 (a) On all taxable income from \$0 to \$7,500, 4%.

13 (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 5%.

14 (c) On all taxable income exceeding \$15,000 but not exceeding \$45,000, 6%.

15 (d) On all taxable income exceeding \$45,000 but not exceeding \$60,000, 7%.

16 (e) On all taxable income exceeding \$60,000, 8%.

17 **SECTION 11.** 71.06 (2) (intro.) of the statutes is amended to read:

18 **71.06 (2) MARRIED PERSONS.** (intro.) The tax to be assessed, levied and collected
19 upon the taxable incomes of all married persons ~~for calendar year 1987 and~~
20 ~~corresponding fiscal years and for calendar and fiscal years thereafter~~ shall be
21 computed at the following rates:

22 **SECTION 12.** 71.06 (2) (a) (intro.) of the statutes is amended to read:

23 **71.06 (2) (a) (intro.)** For joint returns, for taxable years beginning after July
24 31, 1986, and before January 1, 1997:

25 **SECTION 13.** 71.06 (2) (b) (intro.) of the statutes is amended to read:

SENATE BILL 167

1 71.06 (2) (b) (intro.) For married persons filing separately, for taxable years
2 beginning after July 31, 1986, and before January 1, 1997:

3 **SECTION 14.** 71.06 (2) (c) of the statutes is created to read:

4 71.06 (2) (c) For joint returns, for taxable years beginning after December 31,
5 1996:

- 6 1. On all taxable income from \$0 to \$10,000, 4%.
- 7 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 5%.
- 8 3. On all taxable income exceeding \$20,000 but not exceeding \$60,000, 6%.
- 9 4. On all taxable income exceeding \$60,000 but not exceeding \$80,000, 7%.
- 10 5. On all taxable income exceeding \$80,000, 8%.

11 **SECTION 15.** 71.06 (2) (d) of the statutes is created to read:

12 71.06 (2) (d) For married persons filing separately, for taxable years beginning
13 after December 31, 1996:

- 14 1. On all taxable income from \$0 to \$5,000, 4%.
- 15 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 5%.
- 16 3. On all taxable income exceeding \$10,000 but not exceeding \$30,000, 6%.
- 17 4. On all taxable income exceeding \$30,000 but not exceeding \$40,000, 7%.
- 18 5. On all taxable income exceeding \$40,000, 8%.

19 **SECTION 16.** 71.06 (2m) of the statutes is amended to read:

20 71.06 (2m) **RATE CHANGES.** If a rate under sub. (1) (1m) or (2) changes during
21 a taxable year, the taxpayer shall compute the tax for that taxable year by the
22 methods applicable to the federal income tax under section 15 of the internal revenue
23 code.

24 **SECTION 17.** 71.07 (1) of the statutes is amended to read:

SENATE BILL 167**SECTION 17**

1 71.07 (1) CLAIM OF RIGHT CREDIT. Any natural person may credit against taxes
2 otherwise due under this chapter the decrease in tax under this chapter for the prior
3 taxable year that would be attributable to subtracting income taxed for that year
4 under the claim of right doctrine but repaid, as calculated under section 1341 of the
5 internal revenue code, if the income repaid is greater than \$3,000 and the amount
6 is not subtracted in computing Wisconsin adjusted gross income or used in
7 computing the credit under sub. (5) (a). If the allowable amount of the claim exceeds
8 the claimant's taxes due under this chapter the amount of the claim not used to offset
9 those taxes shall be certified to the department of administration for payment to the
10 claimant by check, share draft or other draft drawn on the general fund.

11 **SECTION 18.** 71.07 (5) (a) (intro.) of the statutes is amended to read:

12 71.07 (5) (a) (intro.) Add For taxable years beginning before January 1, 1997,
13 add the amounts allowed as itemized deductions under the internal revenue code
14 except:

15 **SECTION 19.** 71.07 (5) (am) of the statutes is created to read:

16 71.07 (5) (am) For taxable years beginning after December 31, 1996, add the
17 following amounts that are allowed as itemized deductions under the internal
18 revenue code:

- 19 1. Interest that is incurred to purchase or refinance a principal residence.
- 20 2. Interest that is incurred to purchase or refinance a residence that is not a
21 principal residence that is located in Wisconsin.
- 22 3. Charitable contributions.

23 **SECTION 20.** 71.07 (5) (b) of the statutes is amended to read:

24 71.07 (5) (b) Subtract the standard deduction under s. 71.05 (22) from the
25 amount under par. (a) or the amount under par. (am).

SENATE BILL 167

1 **SECTION 21.** 71.07 (6) (c) of the statutes is created to read:

2 71.07 (6) (c) No new claim may be filed under this subsection for a taxable year
3 that begins after December 31, 1996.

4 **SECTION 22.** 71.07 (8) (intro.) of the statutes is amended to read:

5 71.07 (8) PERSONAL EXEMPTIONS CREDIT FOR NATURAL PERSONS. (intro.) On income
6 of calendar year 1986 and corresponding fiscal years and thereafter, there may be
7 deducted from the tax after it has been computed according to the rates of this section
8 personal exemptions for natural persons as follows, except that no new claim may
9 be filed under this subsection for a taxable year that begins after December 31, 1996:

10 **SECTION 23.** 71.07 (9) (g) of the statutes is created to read:

11 71.07 (9) (g) No new claim may be filed under this subsection for a taxable year
12 that begins after December 31, 1996.

13 **SECTION 24.** 71.10 (7m) of the statutes is amended to read:

14 71.10 (7m) DISCHARGE OF INDEBTEDNESS; MODIFICATIONS. If a person excludes
15 from gross income an amount of income from a discharge of indebtedness because of
16 discharges of debts described under section 108 (a) of the internal revenue code, the
17 person shall make the adjustments specified in section 108 (b) of the internal revenue
18 code, but the net operating loss under s. 71.01 (14), not the federal net operating loss,
19 and Wisconsin credits, not federal credits, ~~and the capital loss carry-forward as~~
20 ~~limited under s. 71.05 (10) (c), not the federal capital loss carry-forward,~~ shall be
21 applied, and the reduction rate for a credit carry-over is 6.93%, not 33 1/3%.

22 **SECTION 25.** 71.125 of the statutes is amended to read:

23 **71.125 Imposition of tax.** The tax imposed by this chapter on individuals and
24 the rates under s. 71.06 (1), (1m) and (2) shall apply to the Wisconsin taxable income

SENATE BILL 167

1 of estates or trusts, except nuclear decommissioning trust or reserve funds, and that
2 tax shall be paid by the fiduciary.

3 **SECTION 26.** 71.36 (1m) of the statutes is amended to read:

4 71.36 (1m) A tax-option corporation may deduct from its net income all
5 amounts included in the Wisconsin adjusted gross income of its shareholders, ~~the~~
6 ~~capital gain deduction under s. 71.05 (6) (b) 9.~~ and all amounts not taxable to
7 nonresident shareholders under ss. 71.04 (1) and (4) to (9) and 71.362. For purposes
8 of this subsection, interest on federal obligations, obligations issued under s. 66.066
9 by a local professional baseball park district, obligations issued under ss. 66.40,
10 66.431 and 66.4325, obligations issued under s. 234.65 to fund an economic
11 development loan to finance construction, renovation or development of property
12 that would be exempt under s. 70.11 (36) and obligations issued under subch. II of
13 ch. 229 is not included in shareholders' income. The proportionate share of the net
14 loss of a tax-option corporation shall be attributed and made available to
15 shareholders on a Wisconsin basis but subject to the limitation and carry-over rules
16 as prescribed by section 1366 (d) of the internal revenue code. Net operating losses
17 of the corporation to the extent attributed or made available to a shareholder may
18 not be used by the corporation for further tax benefit. For purposes of computing the
19 Wisconsin adjusted gross income of shareholders, tax-option items shall be reported
20 by the shareholders and those tax-option items, including capital gains and losses,
21 shall retain the character they would have if attributed to the corporation, including
22 their character as business income. In computing the tax liability of a shareholder,
23 no credit against gross tax that would be available to the tax-option corporation if
24 it were a nontax-option corporation may be claimed.

25 **SECTION 27.** 71.64 (9) (b) of the statutes is amended to read:

SENATE BILL 167

1 71.64 (9) (b) The department shall from time to time adjust the withholding
2 tables to reflect any changes in income tax rates, any applicable surtax or any
3 changes in dollar amounts in s. 71.06 (~~1~~) (1m) and (2) resulting from statutory
4 changes. The tables shall be extended to cover from zero to 10 withholding
5 exemptions, shall assume that the payment of wages in each pay period will, when
6 multiplied by the number of pay periods in a year, reasonably reflect the annual wage
7 of the employe from the employer and shall be based on the further assumption that
8 the annual wage will be reduced for allowable deductions from gross income. The
9 department may determine the length of the tables and a reasonable span for each
10 bracket. In preparing the tables the department shall adjust all withholding
11 amounts not an exact multiple of 10 cents to the next highest figure that is a multiple
12 of 10 cents. The department shall also provide instructions with the tables for
13 withholding with respect to quarterly, semiannual and annual pay periods.

14 **SECTION 28.** 71.67 (4) (a) of the statutes is amended to read:

15 71.67 (4) (a) The administrator of the lottery division in the department under
16 ch. 565 shall withhold from any lottery prize of \$2,000 or more an amount determined
17 by multiplying the amount of the prize by the highest rate applicable to individuals
18 under s. 71.06 (~~1~~) (1m). The administrator shall deposit the amounts withheld, on
19 a monthly basis, as would an employer depositing under s. 71.65 (3) (a).

20 **SECTION 29.** 71.67 (5) (a) of the statutes is amended to read:

21 71.67 (5) (a) *Wager winnings.* A person holding a license to sponsor and
22 manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any
23 payment of pari-mutuel winnings under s. 562.065 (3) (a) or (~~3m~~) (a) an amount
24 determined by multiplying the amount of the payment by the highest rate applicable

SENATE BILL 167

SECTION 29

1 to individuals under s. 71.06 ~~(1) (a) to (e)~~ (1m) if the amount of the payment is more
2 than \$1,000.

3 **SECTION 30. Initial applicability.**

4 (1) This act first applies to taxable years beginning on January 1, 1997.

5 (END)